



# HOUSE OF REPRESENTATIVES

## SCR 1019

public retirement system benefits  
Prime Sponsor: Senator Lesko, LD 21

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**X** Committee on Insurance

Caucus and COW

House Engrossed

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### **OVERVIEW**

SCR 1019, upon voter approval, provides an exception for certain adjustments to the Public Safety Personnel Retirement System (PSPRS).

### **PROVISIONS**

1. Excludes certain adjustments to PSPRS from the prohibition of diminishment or impairment of benefits as provided in [SB 1428](#) enacted by the 52<sup>nd</sup> Legislature, Second Regular Session.
2. Provides that the Legislature's ability to modify prospective PSPRS member benefits is unrestricted.
3. Requires the Secretary of State to submit this proposition to the voters at a special election held on May 17, 2016.
4. Makes technical changes.

### **CURRENT LAW**

PSPRS is funded with contributions and investment earnings using actuarial methods and assumptions. The assets, including investment earnings and contributions, are separate and independent trust funds and are required to be invested, administered and distributed solely in the benefit of the members and beneficiaries of PSPRS. Membership in PSPRS is a contractual relationship and benefits are prohibited from being diminished or impaired ([Arizona Constitution, Article XXIX, § 1](#)).

### **ADDITIONAL INFORMATION**

According to the [PSPRS 2015 actuarial report](#), there are 237 participating employer groups representing 33,041 PSPRS members at various phases of participation (active, inactive, retired, disabled, survivors). The average age at retirement is 51.5 years old and the average annual pension is \$59,974. The average number of years of service provided prior to retirement is 23.5. PSPRS has a current funded status of 50.3%.

PSPRS is an "agent multiple-employer" plan where employers pool assets for investment purposes but retain their own individual obligations (liabilities). Member contributions are statutorily capped at 11.65%, while the average employer rate is 42.61% (FY 2017). Actual funded status and employer rates vary across the plan.